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3 **BEFORE THE HEARING BOARD OF THE**  
4 **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
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7 In the Matter of  
8 DEMENNO/KERDOON DBA WORLD OIL RECYCLING  
9 (Facility ID No. 800037)  
10  
11 Section 42350 of the California Health and Safety  
Code

**CASE NO. 5753-6**  
**(PROPOSED)**  
**ORDER GRANTING A SHORT VARIANCE**

Hearing Date: January 11, 2022

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13 **FINDINGS AND DECISION OF THE HEARING BOARD**  
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15 This petition for a short variance was heard on the consent calendar on January 11, 2022, pursuant to  
16 notice and in accordance with the provisions of California Health and Safety Code Section 40823 and District Rule  
17 510. The matter was placed on the Consent Calendar pursuant to the Joint Stipulation to Place Matter on Consent  
18 Calendar. The following members of the Hearing Board were present: Cynthia Verdugo-Peralta, Chair; Mohan  
19 Balagopalan, Vice Chair; Allan Bernstein, DPM, MBA; Micah Ali; and Robert Pearman. Petitioner,  
20 DeMenno/Kerdoon dba World Oil Recycling (hereinafter "World Oil"), represented by Aron Potash, of the law  
21 firm of Latham & Watkins, did not appear. Respondent, Executive Officer, represented by Mary Reichert, Senior  
22 Deputy District Counsel, did not appear. The public was given the opportunity to testify. The Declaration of Jeff  
23 Baxter and the Proposed Findings and Decision of the Hearing Board were received as evidence, and the case  
24 submitted. The Hearing Board finds and decides as follows:

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1 Nature of Business and Location of Facility

2       Petitioner owns and operates a facility that recycles used motor oil, used glycol, and oil wastewater located  
3 in the South Coast Air Basin and maintains its principal place of business at 2000 N Alameda St., Compton,  
4 California 90222 (hereinafter the "Facility").  
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6 Equipment and Permit to Construct/Operate

7       The equipment that is the subject of this petition includes sixty-two storage tanks (D75, D76, D77, D78,  
8 D99, D100, D101, D103, D104, D105, D106, D107, D108, D109, D110, D111, D112, D113, D309 (the "North  
9 Tank Farms"), D66, D67, D68, D71, D73, D74, D79, D80, D81, D82, D83, D84, D85, D87, D88, D92, D93, D94,  
10 D95, D209, D210, D211, D212, D213, D214, D215, D216, D217, D218, D219, D220, D221, D222, D223, D224,  
11 D225 (the "South Tank Farms"), and D65, D69, D70, D72, D89, D90, D91 (the "RCRA Fuel and Naphtha  
12 Tanks")) (together, the "Storage Tanks"), the afterburner (C281) and scrubber (C301) that control emissions from  
13 the Storage Tanks, and the vapor recovery systems that route emissions from the Storage Tanks to C281 and C301  
14 (Process 9, Systems 1, 2, and 5) (the "Vapor Recovery Systems"). The Facility is permitted under Title V and  
15 RECLAIM Permit No. 800080 as a NOx RECLAIM facility.  
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17 **SUMMARY**

18       Petitioner will be in violation of South Coast AQMD Rules 203(b), 2004(f)(1), and 3002(c)(1) while the  
19 natural gas line running to the facility is shut off and rerouted as the facility will be unable to operate an afterburner  
20 used as a pollution control device (C281) during the natural gas line work. Petitioner intends to achieve  
21 compliance by resuming normal operation after the natural gas line replacement work is complete.  
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23 **FINDINGS OF FACT**

24       Following are the facts and conclusions supporting the findings set forth in Health and Safety Code  
25 Section 42352 necessary to grant the variance. The Executive Officer did not oppose the granting of the variance.  
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**a. The petitioner for a variance is, or will be, in violation of Section 41701 or of any rule, regulation, or order of the District.**

1. World Oil needs to shut down its facility for approximately two days because the natural gas line running to the facility will need to be shut off and rerouted, and key facility equipment such as heaters and boilers and an afterburner (C281, used as an air pollution control device) cannot be operated without natural gas. The natural gas line will need to be shut off so that World Oil can install a new below-grade sewer line to comply with its Los Angeles County Sanitation District (LACSD) wastewater discharge permit. The existing natural gas line is in the path of the planned sewer line, and the elevation of the planned sewer line cannot be altered because of the elevation of the LACSD trunk sewer line

2. World Oil expects to need to shut down C281 over two consecutive days in order for the natural gas line to be relocated.

3. During this period, absent a variance, World Oil would be in violation of South Coast AQMD Rules 203(b), 2004(f)(1), and 3002(c)(1), which require World Oil to operate all devices and equipment pursuant to the conditions specified in its facility permit. World Oil's permit requires that it vent the Storage Tanks to incinerator C281 via the Vapor Recovery Systems. (See Conditions S15.3, S15.4, S15.5, E336.1, E336.4, and D336.5 of the Facility's Permit). World Oil's permit further requires that the temperature of C281 be no less than 1400 degrees F, that the flow rate of scrubber C301 (which is downstream of C281) not be less than 200 gpm and that the pH of scrubber C301 not be less than 6. (See Conditions C8.5, C8.7, and C8.11.)

4. Since incinerator C281 (and scrubber C301) will not be in operation during the period when the natural gas line is being relocated, World Oil will not be able to vent the Storage Tanks to C281, which would be a violation of South Coast AQMD Rules 203(b), 2004(f)(1), and 3002(c)(1) if World Oil had no variance allowing it to vent these devices to an alternative control system or to otherwise operate the equipment in a manner that prevents any excess emissions.

**b(1). Non-compliance with District Rule(s) is due to conditions beyond the reasonable control of the petitioner.**

1           1.       The need to shut down C281 is beyond World Oil's reasonable control: World Oil must shut  
2 down the afterburner in order to reroute the natural gas line. World Oil must reroute the natural gas line in order to  
3 comply with its LACSD permit, as the LACSD permit requires a new below-grade sewer line in the location of the  
4 present natural gas line. C281 currently serves as a vapor control device for the Storage Tanks, as well as several  
5 other facility processes (recycling units (for used motor oil and used glycol), loading racks, asphalt blowing stills,  
6 sludge dewatering operations, soil vapor extraction operations, and wastewater system components). When the  
7 natural gas line work is taking place, World Oil will shut down its facility: there will be no recycling, loading or  
8 unloading, asphalt blowing, sludge dewatering, soil vapor extraction, or use of the wastewater system. However,  
9 even though there will be no emissions from these units, there could be breathing losses from the Storage Tanks  
10 (even though there will be no transfers into or out of the Storage Tanks). To control these breathing losses, World  
11 Oil requests a variance allowing it to vent the Storage Tanks to an existing, permitted control device (carbon  
12 adsorbers) while the natural gas line work is being performed. Absent a variance, there would be a period of  
13 noncompliance with South Coast AQMD rules and World Oil's current facility permit during the shutdown, as the  
14 permit requires that the Storage Tanks be vented to C281, and South Coast AQMD rules require compliance with  
15 permit requirements.

16           2.       World Oil has assessed options to avoid noncompliance while performing the needed work, and  
17 there are no options within World Oil's reasonable control. The Storage Tanks need to "breathe" during the  
18 shutdown period, so unless the tanks are completely removed from service, the potential breathing losses will need  
19 to be vented. To remove the tanks from service, the tanks would have to be drained, degassed and cleaned  
20 pursuant to South Coast AQMD Rule 1149 and other regulatory requirements. This process would take several  
21 weeks to accomplish, cost in excess of \$1,000,000 (project costs only), and would generate far greater emissions  
22 than leaving the tanks in operation (idle) during the shutdown period.

23           3.       World Oil's permit sets forth procedures and mandates an alternative vapor control system for the  
24 Storage Tanks in the event natural gas supply to the facility is disrupted and C281 cannot be operated. World Oil  
25 proposes to follow these procedures set forth in its permit, and to use the alternative vapor control system for the  
26 Storage Tanks, during the variance period. The procedures for a natural gas supply disruptions, set forth at  
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Condition E448.6, provide that World Oil is to cease use of its afterburners, not receive or ship any materials, shut down all boilers and heaters, stop all feed and transfer pumps, and prepare records documenting these activities.

4. Petitioner states that in order to reroute the natural gas line to comply with the LACSD permit, C281 must be shut down for a brief period. Without shutting down incinerator C281 temporarily, Petitioner will not be able to comply with the LACSD permit. Therefore, due to conditions beyond the reasonable control of the Petitioner, Petitioner has no option other than to shut down C281 temporarily, placing it in non-compliance with the above-referenced rules if no variance were to be granted.

**b(2). Requiring compliance would result in either (1) an arbitrary or unreasonable taking of property, or (2) the practical closing and elimination of a lawful business.**

1. Denial of the variance would cause economic harm to Petitioner, and the imposition of this harm would be unreasonable in that World Oil is committing to use an alternative vapor control system for the Storage Tanks and curtail operations from other equipment to ensure that excess emissions during the shutdown are mitigated to the greatest extent possible.

2. If World Oil were not permitted by this variance to vent the Storage Tanks to an alternative vapor control system, World Oil would need to eliminate breathing losses from the tanks altogether by completely removing the tanks from service. To remove the tanks from service, the tanks would have to be drained, degassed and cleaned pursuant to South Coast AQMD Rule 1149 and other regulatory requirements. This process would take several weeks to accomplish, cost in excess of \$1,000,000 (project costs only), and would generate far greater emissions than leaving the tanks in operation (but idle) during the shutdown period.

**c. The closing or taking would be without a corresponding benefit in reducing air contaminants.**

1. Petitioner estimates that there will be excess emissions of a total of 2.546 lbs of VOCs during the variance period since the VOC breathing losses from the Storage Tanks will be controlled with an efficiency nearly equivalent to the efficiency they are normally controlled at using a currently-permitted alternative control system.

2. If World Oil were not issued a variance that permits it to vent the Storage Tanks to an alternative control device, World Oil would need to eliminate breathing losses from the tanks altogether by completely

removing the tanks from service. To remove the tanks from service, the tanks would have to be drained, degassed and cleaned pursuant to South Coast AQMD Rule 1149 and other regulatory requirements. This process would generate far greater emissions than leaving the tanks in operation (but idle) during the shutdown period.

3. Further, Petitioner states that, since all other operations at the facility will be shut down during the variance period, emissions during the variance period will be significantly lower than emissions during normal operations.

**d. The applicant for the variance has given consideration to curtailing operations of the source in lieu of obtaining a variance.**

1. World Oil will terminate most operations at the facility during the time C281 is offline, including the recycling units (for used motor oil and used glycol), loading racks, asphalt blowing stills, sludge dewatering operations, soil vapor extraction operations, and wastewater system components.

2. Nonetheless, variance coverage is still required. VOC breathing loss emissions will be generated from the Storage Tanks. The only way to completely eliminate the VOC breathing losses from these tanks would be to remove them from active service. The procedure of removing the tanks from active service would result in additional VOC emissions and costs to World Oil, their employees, contractors, and suppliers.

**e. During the period the variance is in effect, that the applicant will reduce excess emissions to the maximum extent feasible.**

1. Petitioner states that, since the facility will be partially shut down during the variance period (including recycling units, loading racks, asphalt blowing stills, sludge dewatering operations, soil vapor extraction operations, and wastewater system components), emissions during the variance period will be lower than emissions during normal operations.

2. Nonetheless, during the course of the shutdown, the Storage Tanks connected to C281 may experience some emissions that could, if no alternative control measures are taken, escape to the atmosphere while the C281 vapor recovery/control system is offline.

3. World Oil's permit sets forth procedures and mandates an alternative vapor control system for the Storage Tanks in the event natural gas supply to the facility is disrupted and C281 cannot be operated. World Oil

proposes to follow these procedures set forth in its permit, and to use the alternative vapor control system for the Storage Tanks, during the variance period. The procedures for a natural gas supply disruptions, set forth at Condition E448.6, provide that World Oil is to cease use of its afterburners, not receive or ship any materials, shut down all boilers and heaters, stop all feed and transfer pumps, and prepare records documenting these activities.

4. This alternative vapor control system, which includes permitted carbon adsorbers with device IDs C303, C304, C308, C111, C312, and C313 (the "Permitted Carbon"), will serve to control emissions from the Storage Tanks during the variance period.

**f. During the period the variance is in effect, that the applicant will monitor or otherwise quantify emission levels from the source, if requested to do so by the district, and report these emission levels to the district pursuant to a schedule established by the district.**

1. Petitioner states that it can and will monitor the duration of the shutdown, allowing it to calculate breathing loss emissions.

2. To ensure the absence of breakthrough in the Permitted Carbon, World Oil proposes to measure VOC concentration at the outlet of the adsorbers at least once every 8 hours using EPA Reference Method 21 (consistent with permit condition D90.5). Further, World Oil proposes to replace the carbon whenever breakthrough occurs as defined in Condition E153.1 of the facility's permit.

### **CONCLUSION AND ORDER**

THEREFORE, good cause appearing the Hearing Board orders as follows:

A. Petitioner is granted a short variance from South Coast AQMD Rules 203(b), 2004(f)(1), and 3002(c)(1) as applicable to Facility P/O No. 800037, with respect to the device descriptions for the Storage Tanks (which require, in the "Connected To" column of Section D of the Facility's Permit, that these devices be connected to Device C281), as well as Conditions S15.3, S15.4, S15.5, E336.1, E336.4, and D336.5 of the Facility's Permit, which require the same, and Conditions C8.5, C8.7, and C8.11 of the Facility's Permit, which set

operating parameters for Devices C281 and C301. The variance is granted for five (5) days between the dates January 15, 2022 and February 15, 2022.

B. The variance granted herein is subject to the following conditions:

1. During the variance period, World Oil shall cease use of its afterburners, not receive or ship any materials, shut down all boilers and heaters, and stop all feed and transfer pumps. World Oil shall cease all use of its recycling units, loading racks, asphalt blowing stills, sludge dewatering operations, soil vapor extraction operations, and wastewater system components during the variance period.

2. World Oil shall use the Permitted Carbon to control emissions from the Storage Tanks whenever afterburner C281 is not being used to control vent gases from the Storage Tanks.

3. To ensure the absence of breakthrough in the Permitted Carbon, World Oil shall measure VOC concentration at the outlet of the adsorbers at least once every 8 hours during the variance period using EPA Reference Method 21 (consistent with permit condition D90.5).

4. World Oil shall have onsite a minimum of 4 sets of replacement carbon absorbers during the variance period.

5. World Oil shall replace the Permitted Carbon whenever breakthrough occurs as defined in Condition E153.1 of the facility's permit.

6. Petitioner shall inform South Coast AQMD compliance personnel by calling 1-800-CUT-SMOG to report a *Variance Notification* seventy-two (72) hours prior to the start of the variance period. The variance period will last for five (5) days between the dates January 15, 2022, and February 15, 2022.

7. Petitioner shall conduct odor surveillance at least once every four hours during the variance period. Petitioner shall follow the methodology set forth in this condition when conducting odor surveillance. Petitioner shall assess the odor using human nose within ten feet of the outlet of every carbon adsorber which is part of the Permitted Carbon. Petitioner shall assess the odor on a scale of 1-5 using the SCAQMD odor classification scheme (a value of zero corresponds to no odor, a value of one corresponds to a very faint odor, a value of two corresponds to a faint odor, a value of three corresponds to a distinct and easily noticeable odor, a value of four corresponds to a strongly decided odor, and a value of five corresponds to a very strong odor).



1 Petitioner shall maintain a log of all odor surveillance readings during the variance period. Petitioner shall take  
2 any and all odor mitigation measures necessary to ensure compliance with District Rule 402 (public nuisance).

3 8. Petitioner shall inform the South Coast AQMD within one (1) hour of receiving any complaint(s)  
4 from the public.

5 9. Petitioner shall notify the Clerk of the Hearing Board ([clerkofboard@aqmd.gov](mailto:clerkofboard@aqmd.gov)) in writing and by  
6 calling 1-800-CUT-SMOG to report a *Variance Notification* within two (2) hours of achieving final compliance  
7 after the natural gas line has been relocated, afterburner C281 is back online, and all affected devices are back in  
8 compliance with their permits.

9 10. Petitioner shall pay all applicable fees to the Clerk of the Hearing Board or the variance shall be  
10 invalidated pursuant to Rule 303(k), except for excess emissions fees if applicable, which shall be paid within  
11 fifteen (15) days of notification in writing that the fees are due, unless otherwise ordered by the Hearing Board.

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16 BOARD MEMBER: \_\_\_\_\_

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19 DATED: \_\_\_\_\_